

Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 AGR-05 H-02 L-03 SP-02 AID-05

NSC-05 CIEP-01 TRSE-00 SS-15 STR-04 OMB-01 CEA-01

CIAE-00 COME-00 FRB-03 INR-07 NSAE-00 USIA-06 XMB-02

OPIC-03 LAB-04 SIL-01 /084 W
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R 301855Z JUN 75

FM AMEMBASSY PORT AU PRINCE

TO SECSTATE WASHDC 135

INFO AMEMBASSY SANTO DOMINGO

LIMITED OFFICIAL USE PORT AU PRINCE 1607

E.O. 11652: NA

TAGS: EAGR ETRD HA

SUBJ: INFORMATION REQUIRED FOR CONGRESSIONAL SUGAR HEARINGS

REF: STATE 141876

FOLLOWING ARE EMBASSY'S BEST ESTIMATES OF INFORMATION ON
SUGAR INDUSTRY REQUESTED REFTEL:

A) NONE OF THE THREE MILLS IS WILL TO GIVE PRODUCTION COSTS,
BUT THE APPARENTLY VARY FROM MILL TO MILL DEPENDING ON QUALITY
OF MANAGEMENT, SIZE OF OPERATION AND AGE OF MACHINERY. LARGEST
MILL, WHICH SELL ALMOST 95 PERCENT OF PRODUCTION TO LOCAL MARKET,
RECEIVES 10.6 CENTS NET PER POUND FOR BROWN SUGAR AND 13.6 CENTS
NET PER POUND FOR WHITE SUGAR. COST WILL BE LOWER THAN THIS, BUT
NOT MUCH.

B) WHITE SUGAR RETAILS AT 20 CENTS PER POUND; BROWN SUGAR AT
16 CENTS PER POUND.

C) NO ONE WILL ADMIT TO PRICE RECEIVED FOR SUGAR EXPORTS
IN 1974, BUT BEST GUESSTIMATE IS AN AVERAGE OF 22 CENTS PER
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POUND.

D) 1975 PRODUCTION ESTIMATED AT 76,000 SHORT TONS, OF WHICH 20,000 WILL BE EXPORTED. EMBASSY ESTIMATES PROBABLY SLIGHT INCREASE IN PRODUCTION IN 1976, WITH EXPORTS REMAINING LEVEL. FUTURE INCREASES DEPEND UPON NEW INVESTMENTS TO EXPAND CAPACITY OF THE MILLS AS WELL AS BETTER INPUTS (I.E., FERTILIZER AND IMPROVED CANE VARIETIES) IN THE CANE INDUSTRY. E) THE GOH IS EAGER TO OBTAIN NEW INVESTMENTS IN THIS AREA AND HAS HELD DISCUSSIONS WITH THE IRANIAN AND SPANISH GOVERNMENTS AS WELL AS WITH U.S. BANKS, PRIVATE INVESTORS AND IFC. HOWEVER, THERE IS NO FIRM CONTRACT OR GOVERNMENT AGREEMENT.

F) THERE APPEARS TO BE A BASIC LONG-TERM GROWTH RATE IN DOMESTIC CONSUMPTION OF ABOUT 5 PERCENT PER YEAR. THERE ARE, HOWEVER, SHARP VARIATIONS FROM YEAR TO YEAR DEPENDING ON THE PRICE OF SUGAR AND THE AMOUNT OF CASH REACHING THE PEASANTS.

G) TO THE EMBASSY'S KNOWLEDGE, THERE ARE NEITHER GOVERNMENTAL NOR PRIVATE INDUSTRY LONG-TERM COMMITMENTS ON EXPORTS SINCE ISSUANCE OF EXPORT LICENSES CANNOT BE ASSURED IN ADVANCE. HOWEVER, LOCAL PROEJGKOS ALL HAVE AMERICAN CONNECTIONS AND SHIP ALMOST EXCLUSIVELY TO US WITH PRICES DETERMINED BY PRIVATE NEGOTIATION.

H) GOVERNMENT ESTABLISHES PRICE PAID FOR CANE, PRICE RECEIVED BY MILL, TAXES, AND RETAIL PRICE OF DOMESTIC SUGAR. IT DOES NOT SET PRICES FOR EXPORTS, BUT WILL PERMIT EXPORTATION ONLY BY LICENSE IN ORDER TO ENSURE THAT SUFFICIENT SUGAR REMAINS IN COUNTRY TO SUPPLY DOMESTIC DEMANDS.

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